

COMPLETE STATEMENT

OF

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BEFORE

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COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

ON
ARMY CORPS OF ENGINEERS - CIVIL WORKS
MISSIONS AND THE CONSTRUCTION BACKLOG

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

INTRODUCTION

I am pleased to have this opportunity to represent the Assistant Secretary of the Army for Civil Works and to testify on Army Corps of Engineers missions and the construction backlog. Accompanying me is Major General Hans Van Winkle, the Corps' Deputy Commander for Civil Works.

We welcome and encourage dialogue about the challenges that lie ahead and how we plan to meet them. Flooding continues to threaten communities. The nation's capability to respond to natural disasters is being stretched. Much needs to be done to clean up, restore, and improve the environment.

Meeting these needs is a continuing commitment that challenges the entire organization. The Army takes pride in the Corps' record of carrying out its stewardship responsibilities.

In this statement, I will summarize briefly the Corps' historic role in service to the nation, followed by a more in-depth summary of the current Civil Works program mission, current construction backlog, and water resources related socio-economic trends and future challenges. I conclude my statement with a summary of our strategic planning efforts, including actions we are undertaking to ensure that the Civil Works Program remains strong, balanced, responsive, and highly productive.

MEETING THE NATION'S WATER AND RELATED LAND RESOURCES DEVELOPMENT AND MANAGEMENT NEEDS

Corps' Historic Role in Service to the Nation

The Army Corps of Engineers began its distinguished public service in the New England Provincial Army, before our nation existed, with construction of fortifications for the Battle of Bunker Hill in 1775. Since then, for more than 225 years, the Corps has responded ably to the Army's and nation's needs.

What began as a military mission at the birth of the nation in the 18th century grew into civil and military missions of building and preserving the nation in the 19th century. The Corps mapped the frontier and laid out roads, canals, and railroads for westward expansion. The Corps aided national commerce through development of a vast navigation system of coastal and inland channels, ports, and harbors. The Corps built many of the public buildings in the nation's capital, including the Capitol. In the 20th century, The Corps built the Panama Canal, after others had failed. Based on the Corps' performance over the years, the Administration and Congress expanded both the civil and military missions dramatically.

Civil Works primary project purposes include flood, hurricane, and shore erosion protection; water and related land environmental management; hydropower generation; water-based recreation; and technical support for other federal agencies, States, and other nations. The Corps water and related land management infrastructure includes over 400 multi-purpose reservoirs, 12,000 miles of navigation channels, hundreds of ports and harbors, and 11.6 million acres of land.

As our national needs and priorities have changed, the Corps has been at the leading edge to meet them. As we enter the 21st century, we envision that the Corps will continue in its longstanding and exemplary leadership role as a great problem solver for the Nation.

Current Civil Program Mission

The goal of the Army Civil Program is to contribute to the welfare of our nation by providing, in partnership with customers, desired goods and services of highest quality, designed to be economic, technically sound, and environmentally sustainable. We do this through:

- formulation, development, and operation of facilities and practices for management of the nation's water and related land resources (including protection, restoration, and management of environment resources);

- administration of water resources management programs (including resource use regulation, hazardous waste cleanup, and assistance with natural disaster response and recovery); and
- engineering and technical services for other federal agencies and States.

The Army Civil Program is executed through subordinate programs established expressly for accomplishment of distinct phases of work, such as investigation, construction, and operation and maintenance. These programs are designed to address needs of all purposes thoroughly, fairly, and in a timely way. They are executed by a talented team of multidisciplinary staff specialists and private sector contractors. This team develops comprehensive perspectives across technical, socioeconomic, cultural, political, geographic, and environmental boundaries, in examination and recommendation of solutions to problems in all phases of our work.

The Corps works with many partners throughout this process. These include direct customers; other stakeholders such as local, State, and federal agencies; and the general public. As a result, competing goals of many interests are balanced to satisfy needs and desires for a wide variety of water and related land resource management goods and services that contribute directly to the national welfare.

In light of these broad responsibilities and the Corps' experience in executing them, and the national needs for water and related land resources management as we enter the new century, we present the following assessment.

CONSTRUCTION BACKLOG

The Army Corps of Engineers construction backlog consists of the uncompleted portions of all projects authorized by Congress in the Construction, General account and the construction portion of the Flood Control, Mississippi River and Tributaries account. The total Federal cost of these projects is \$71 billion of which \$23.5 billion has been allocated to date, \$1.5 billion is included in the FY 2001 President's budget, leaving a balance to complete construction of \$46 billion. This includes all authorized projects, whether or not they have received funding. This amount comprises the construction backlog.

The projects in the backlog have been divided into 3 groups: active, deferred, and inactive projects. Active projects are funded, economically justified, and supported by the non-Federal sponsor. Deferred projects have doubtful economic justification and need restudy to determine their economic feasibility, or are projects for which the non-Federal sponsor is currently unable to provide required cooperation. Inactive projects are either (1) not economically justified and restudy would not develop a justified plan; (2) no longer meet current and prospective needs; or (3) are not actively supported by the non-Federal sponsor.

Within these groupings, the construction backlog is comprised of five distinct parts: \$8 billion for active preconstruction engineering and design (PED) projects not yet authorized, \$4 billion for authorized PED projects, \$26 billion for active projects that have been funded for construction, \$2 billion for deferred projects, and \$6 billion for inactive projects. It is unlikely that the deferred and inactive projects will proceed to completion; therefore, the viable portion of the backlog totals \$38 billion for active projects.

About \$21 billion of the backlog is attributable to 180 projects included in the FY 2001 President's budget. The size of the construction backlog, coupled with the known projects awaiting authorization, imposes a burden on the Federal budget that today's budgetary realities cannot satisfy. Sufficient funding is simply not available to implement all of these projects in a timely way.

WATER RESOURCES TRENDS AND CHALLENGES

Introduction

Throughout its history, external forces have affected the Civil Works Program. The most important of these have been, and continue to be, customer demands for goods and services and taxpayer concern that investment in such goods and services be advisable. Our customers include direct beneficiaries of our projects, most of whom are cost-sharing partners. Taxpayers include the general public and taxpayer advocates. For our program to remain a relevant and viable contributor to national welfare, we must remain sensitive to these forces, continually reorienting, rescoping, and refocusing the program in light of them.

Meanwhile, our current assessment of water resources trends and challenges is summarized in the following:

Trends

- As global markets expand, international commerce will demand more efficient system of domestic ports and harbors and improved vessel and intermodal cargo handling facilities.
- With many properties and major populations located in the nation's floodplains, flooding will continue to threaten national welfare. Moreover, as pressures continue to develop flood-prone lands and natural flood management systems are compromised, the threat of flood damage will increase.

- Ongoing migration of the nation's population to coastal plains and coasts, and attendant property development, will increase risks of loss from coastal erosion, floods, and hurricanes.
- The ongoing migration to coastal plains and coasts will put increasing pressure on coastal habitat, especially wetlands, and other fish and wildlife ecosystems.
- Through Water Resources Development Acts of 1996 and 1999 (WRDA 96 and WRDA 99), the Congress placed national environmental health near the forefront of social priorities. These Acts provided additional authorities to the Corps for ecosystem restoration and watershed protection, environmental infrastructure development, and placed an increased emphasis on nonstructural floodplain management.
- As the nation's population grows, there will be growing conflicts among multiple interests within watersheds wanting to use available water for diverse needs.
- As the nation's water resources related environmental infrastructure ages, it must be rehabilitated, modified, replaced, or removed.
- Given the American public's strong and growing interest in downsizing the federal government and, in turn, its workforce, ongoing outsourcing and privatizing for accomplishment of government work, including engineering, will increase. Also, the nonfederal sector will have to take on more water resources responsibilities.

Current Challenges

In light of our current assessments of trends in the nation's water and related land resources management, we have identified 5 significant challenges currently facing the nation. They are as follows:

- Navigation - dealing with capacity and efficiency needs;
- Flood Protection - dealing with development of floodplains, including coastal plains and coasts, and increased demand for protection from flooding, erosion, and winds;
- Environmental Management - dealing with restoration of habitat, especially protection of wetlands;
- Infrastructure Renovation - maintaining the nation's water and related land management infrastructure and effects of global climate change; and

- Disaster Response Assistance - dealing with increasing severity and frequency of natural disasters.

We must meet these challenges in order to preserve and promote our future national welfare. In cases where other federal agencies have authorities to address them, we promote interagency alliances and partnerships where appropriate. Each challenge is discussed next.

Navigation

The National Marine Transportation System (NMTS) comprises approximately 1,000 harbor channels; 25,000 miles of inland, intracoastal, and coastal waterways; and 238 locks. This system serves over 300 ports with more than 3,700 terminals for cargo and passenger movement, and connects to 152,000 miles of rail, 460,000 miles of pipelines, and 45,000 miles of interstate highways. The system annually provides enormous national benefits.

However, the system is nearing capacity, while demands on it will grow substantially. The Corps estimates that total volume of domestic and international marine trade is expected to more-than-double in the next twenty years to more than 4 billion tons per year by 2020. We project that inland shipments will increase over that same period by 200 million tons, to 830 million tons. This increase in shipment volume will severely stress the NMTS.

Flood Protection

Flooding is the most destructive and costly natural disaster in our nation, accounting for 85% of all natural disasters that occur annually. We have made a major investment in flood protection infrastructure, including, for the Corps only, nearly 400 major reservoirs and 8,500 miles of levees and dikes, as well as hundreds of smaller local flood protection improvements. The Corps estimates that, since 1950, its infrastructure has prevented nearly \$500 billion in riverine and coastal flood damage, returning nearly \$6.00 in flood protection benefit for every \$1.00 invested, and preventing, on average, \$16 billion in flood damages annually.

Despite its considerable success in flood protection, the nation still has an extensive residual flood damage problem. Costs of floods (emergency assistance costs plus property losses) still average over \$4 billion annually. News coverage of recent flood disasters, including the 1993 Mississippi River Flood and the 1997 catastrophe in Grand Forks, North Dakota, have shown the enormous economic costs of flooding. Unquantifiable social costs include, in addition to injury and loss of life, stress on individuals and families caused by disruption, evacuation, and life in temporary

quarters. It also includes loss of irreplaceable property, and destruction of entire communities.

The Environment

Protection and restoration of the environment is an important goal. Indeed, restoration of native ecosystems and, possibly, creation of new ones, is crucial to sustaining natural systems and habitats for future generations. Our nation has more than 3.6 million miles of rivers and streams that, along with floodplains and upland areas, comprise corridors of great economic, social, and environmental value. These corridors are complex ecosystems that perform vital environmental functions, including modulating streamflows, storing water, removing harmful materials from water, and providing habitat for aquatic and terrestrial plants and animals. Until passage of the National Environmental Policy Act (NEPA) in 1970, however, development of these corridors proceeded without concern, resulting in degradation of water quality, decreased water conveyance and storage capacity, loss of habitat for fish and wildlife, and decreased recreational and aesthetic values. NEPA prescribed integration of environmental protection and social goals with economic ones in the development of water and related land resource management projects. However, despite the shift in emphasis toward environmental benefits in such projects, much work remains to be done. The environment has suffered heavily. In order that it might sustain future generations, it must be cleaned up and restored, and further development must be tempered by an ethic of ensuring environmental sustainability of any such development.

The nation needs a healthy, sustainable environment for current and future generations.

Infrastructure Renovation

Water resources management infrastructure has improved the quality of our citizens' lives and provided a foundation for the economic growth and development of this country. Our systems for navigation, flood protection, hydropower generation, and recreation management all contribute to our national welfare. The stream of benefits is realized as reduced transportation costs, avoided flood damages, electricity, and recreation services.

Investment in economically justified and environmentally sound maintenance, major rehabilitation, and new infrastructure is needed to maintain and improve our capital water and related land resources management stock, and, in turn, benefits received from it.

Disaster Response Assistance

In recent years, our nation has suffered a series of major disasters whose impacts have been measured officially in terms of lives lost and high costs of damage to property and relocations. In addition, impacts have included loss of jobs; business failures; disruption of safe water, sanitation, food, and shelter, and transportation; public health risks due to diminished capability of public health care systems; loss of income and tax revenues; and impacts on other government programs from diversion of tax dollars to disaster response, relief, and recovery.

Adequate investment in emergency management is needed to ensure the capability of federal agencies to respond fully and quickly when disasters strike. Coordinated planning is needed among key agencies who must work together to perform the readiness requirements under the Federal Response Plan. Our nation needs the federal capability to deal with multiple emergency contingencies.

STRATEGIC PLAN

We are currently developing a strategic plan to help guide the direction and priorities of the Civil Works program over the next five years. This effort is guided by the precepts and requirements of the Government Performance and Results Act of 1993 (Results Act). However, it is also just good business to chart our course in a deliberate fashion. We intend to use the process of developing this strategic plan to call attention to critical water resources needs facing the nation.

I want to emphasize however, that the plan is now only in early draft form. Its depiction of water resources challenges, as well as our priorities, primarily reflects analysis from water resources technical experts within the Corps. We are therefore embarking on a series of fourteen regional listening sessions to hear what our stakeholders, the general public, as well as our colleagues in other agencies have to say. Also, people who wish to can participate by using the Corps' website. Results will be compiled into a report that will be shared with the public and decision-makers. We expect to learn a lot, and to incorporate what we learn into the next version of the strategic plan scheduled for the end of the fiscal year. We will, of course, fully coordinate the strategic plan within the Administration and with Congress.

In response to the challenges described previously, our priorities for action are described in the following:

Stress on the National Marine Transportation System

- In consonance with the Marine Transportation Strategy vision and in partnership with the Department of Transportation, the Army will invest in American waterways and harbors, including the inland system of channels and ports, deep draft ports

high priority justified inland and coastal navigation projects.

Continued Development of Watershed Management and Floodplain Policy

We will take a proactive approach in watershed and river basin management, with framework, with attention to meeting economic, environmental, and social objectives. We will seek more multi-purpose comprehensive basin studies, in needs. We will also develop the capabilities and partnerships with FEMA, other federal agencies, and state and local floodplain and emergency management guidelines, standards, and evaluation principles.

An Aging National Water Resources Infrastructure

We will ensure that our existing water resources infrastructure is operating and reduce our high priority maintenance backlog of \$450 million and to modernize aging and antiquated recreation facilities. We will also ensure that we are

Environmental Consequences of Past Development

- We will increase environmental restoration and clean-up activities, including brownfields, and fully utilize existing environmental Continuing Authorities.
- advance measures planning assistance to communities.

CONCLUSION

management needs, we feel strongly that the nation faces significant and demanding challenges in dealing with those needs. We also know that the Corps has many unique and exemplary leadership role in water and related land resources management; highly competent multi-disciplinary workforce, complemented through contracting by a large developed and continually improved business processes, including the recently fielded

project management process; geographically dispersed organization; and capital infrastructure including thousands of completed facilities.

Finally, we are committed to improvement in performance and customer satisfaction within available resources - continually maximizing the value of the Civil Works Program to the Army and the nation.

Thank you Mr. Chairman and Members of the Committee. This concludes my statement.